

AID GWINNETT, INC.

Providing HIV Prevention Education, Client Services,
Volunteer Programs, and Advocacy to:
Gwinnett, Rockdale, & Newton Counties

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

**For the Year Ended December 31, 2012
with
Independent Auditors' Report**

AID GWINNETT, INC.
Providing HIV Prevention Education, Client Services,
Volunteer Programs, and Advocacy To:
Gwinnett, Rockdale, & Newton Counties

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
AID Gwinnett, Inc.
Duluth, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of AID Gwinnett, Inc. (the Agency) which comprise the statement of financial position as of December 31, 2012 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AID Gwinnett, Inc. as of December 31, 2012, and the changes in its net

assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited AID Gwinnett, Inc.'s 2011 financial statements, and our report dated June 21, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our reports dated August 28, 2013 on our consideration of AID Gwinnett, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of the audit performed in accordance with Government Auditing Standards in considering AID Gwinnett, Inc.'s internal control over financial reporting and compliance.



WARREN AVERETT, LLC

August 28, 2013
Atlanta, Georgia

AID GWINNETT, INC.

Providing HIV Prevention Education, Client Services,
Volunteer Programs, and Advocacy to:
Gwinnett, Rockdale, & Newton Counties

STATEMENTS OF FINANCIAL POSITION

December 31, 2012 and 2011

	2012	2011
Assets		
Cash	\$ 118,918	\$ 34,675
Clinic receivables (Note B)	22,825	18,635
Grants receivable (Note B)	214,580	171,086
Prepaid expenses	24,178	21,550
Property and equipment, net of accumulated depreciation (Notes B and C)	43,094	86,366
Deposits	2,000	2,000
TOTAL ASSETS	\$ 425,595	\$ 334,312
Liabilities		
Accounts payable and accrued liabilities	\$ 93,210	\$ 92,626
Line of credit (Note D)	30,000	15,000
TOTAL LIABILITIES	123,210	107,626
Commitments (Notes E and H)		
Net Assets		
Temporarily restricted (Note F)	204,786	85,400
Unrestricted	97,599	141,286
TOTAL NET ASSETS	302,385	226,686
TOTAL LIABILITIES AND NET ASSETS	\$ 425,595	\$ 334,312

See accompanying notes.

AID GWINNETT, INC.

Providing HIV Prevention Education, Client Services,
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STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012
(with comparative totals for 2011)

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
Public Support and Revenue				
Federal grants (Note G)	\$ 2,485,385	\$ -	\$ 2,485,385	\$ 2,477,653
Contributions	92,481	221,611	314,092	99,906
Special events	30,694	-	30,694	25,663
Program income	58,084	-	58,084	58,180
TOTAL PUBLIC SUPPORT AND REVENUE	2,666,644	221,611	2,888,255	2,661,402
Net Assets Released from Restrictions	102,225	(102,225)	-	-
NET PUBLIC SUPPORT AND REVENUE	2,768,869	119,386	2,888,255	2,661,402
Expenses				
Program services				
Client services and housing	559,016	-	559,016	601,940
Medical services	1,512,391	-	1,512,391	1,466,100
HIV prevention education	624,975	-	624,975	532,141
Supporting services				
Management and general	104,431	-	104,431	80,395
Fundraising	11,743	-	11,743	11,788
TOTAL EXPENSES	2,812,556	-	2,812,556	2,692,364
CHANGE IN NET ASSETS	(43,687)	119,386	75,699	(30,962)
Net Assets at Beginning of Year	141,286	85,400	226,686	257,648
Net Assets at End of Year	\$ 97,599	\$ 204,786	\$ 302,385	\$ 226,686

See accompanying notes.

AID GWINNETT, INC.

Providing HIV Prevention Education, Client Services, Volunteer Programs, and Advocacy to: Gwinnett, Rockdale, & Newton Counties

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2012

(with comparative totals for 2011)

	2012			2012		Total Expenses	2011
	Client Services	Medical Services	HIV Prevention Education	Management and General	Fund Raising		
Salaries	\$ 256,956	\$ 499,386	\$ 325,806	\$ 36,611	\$ -	\$ 1,118,759	\$ 1,034,764
Payroll taxes	19,820	38,519	25,131	2,824	-	86,294	82,438
Employee benefits	33,845	65,777	42,914	4,823	-	147,359	133,839
TOTAL SALARIES AND RELATED EXPENSES	310,621	603,682	393,851	44,258	-	1,352,412	1,251,041
Contract services	14,227	559,273	17,952	5,968	693	598,113	567,215
Pharmacy	-	185,986	-	-	-	185,986	172,588
Rent and utilities	30,928	63,108	52,930	5,320	-	152,286	149,676
Supplies	1,607	3,949	106,769	6,645	2,582	121,552	141,954
Housing assistance	114,849	-	-	-	-	114,849	125,029
Office expense	10,037	30,986	14,673	22,851	1,337	79,884	65,863
Transportation expense	7,947	32,178	17,986	2,370	286	60,767	61,565
Other	1,987	7,990	6,112	5,542	6,569	28,200	28,257
Professional fees	5,950	4,231	8,139	4,765	-	23,085	27,830
Insurance	1,932	14,419	-	4,912	-	21,263	22,169
Telephone expense	1,753	5,310	5,352	526	156	13,097	13,518
Nutrition	6,868	-	-	-	-	6,868	7,478
Newsletter	763	1,279	1,211	603	120	3,976	10,543
Interest expense	-	-	-	671	-	671	296
TOTAL EXPENSES BEFORE DEPRECIATION	509,469	1,512,391	624,975	104,431	11,743	2,763,009	2,645,022
Depreciation	49,547	-	-	-	-	49,547	47,342
TOTAL EXPENSES	\$ 559,016	\$ 1,512,391	\$ 624,975	\$ 104,431	\$ 11,743	\$ 2,812,556	\$ 2,692,364

See accompanying notes.

AID GWINNETT, INC.

Providing HIV Prevention Education, Client Services,
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STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities		
Change in net assets	\$ 75,699	\$ (30,962)
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	49,547	47,342
Increase in:		
Clinic receivables	(4,190)	(13,682)
Grants receivable	(43,494)	(6,700)
Prepaid expenses	(2,628)	(1,722)
Increase in:		
Accounts payable and accrued liabilities	584	42,756
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>75,518</u>	<u>37,032</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>(6,275)</u>	<u>(23,412)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(6,275)</u>	<u>(23,412)</u>
Cash Flows from Financing Activities		
Net draws on line of credit	<u>15,000</u>	<u>15,000</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>15,000</u>	<u>15,000</u>
Net Increase in Cash	84,243	28,620
Cash at Beginning of Year	<u>34,675</u>	<u>6,055</u>
Cash at End of Year	<u>\$ 118,918</u>	<u>\$ 34,675</u>
Supplemental Cash Flow Disclosures		
Cash paid during the year for interest	<u>\$ 671</u>	<u>\$ 296</u>

See accompanying notes.

AID GWINNETT, INC.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

NOTE A—ORGANIZATION

AID Gwinnett, Inc. (the Agency) is a not-for-profit organization incorporated on September 26, 1991 under the laws of the State of Georgia. The Agency is a community based agency organized to respond with compassion and sensitivity to the HIV/AIDS epidemic through support, advocacy, education, and collaboration with other agencies. Client support services include medical care, long term housing, emergency housing assistance, emergency shelter, medical case management, education, counseling, transportation and nutrition. Public awareness and education include adult and youth education programs, newsletters, and community advocacy. The Agency provides services to individuals in Gwinnett, Rockdale and Newton Counties. It is supported primarily by contributions and grants.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The Agency prepares its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities Presentation of Financial Statements*. Under FASB ASC 958, the Agency reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2012 and 2011, the Agency did not have any permanently restricted net assets.

Contributions: Contributions are recorded and presented in accordance with FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. During the years ended December 31, 2012 and 2011, the Agency did not receive any permanently restricted contributions. See Note F for restrictions on net assets.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Contributions received are recorded when the promise is made and are normally receivable within a year. The Agency did not have any contributions receivable at December 31, 2012 and 2011. Grants receivable relate to reimbursement basis grants and are recorded when related expenditures are made. (See Note G.) The Agency uses the allowance method to account for uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific promises made. Management did not believe that an allowance was necessary at December 31, 2012 or 2011.

Clinic Revenue and Receivables: Clinic fees are recognized when services are delivered. Clinic receivables are net of an allowance for doubtful accounts of \$2,101 and \$2,032 at December 31, 2012 and 2011, respectively. The Agency uses the allowance method to account for uncollectible receivables. The allowance is based on prior years' experience and management's analysis of possible bad debts. Receivables are considered past due after 90 days. It is the Agency's policy to charge off uncollectible clinic receivables when management determines the receivable will not be collected.

Property and Equipment: The Agency capitalizes all expenditures for property, furniture, fixtures and equipment in excess of \$500. Property and equipment are recorded at cost or fair market value, if donated, and are depreciated using straight line methods over their estimated useful lives. (See Note C.)

Contributed Services: Contributed services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. There were no contributed services recognized for the years ended December 31, 2012 and 2011.

Many individuals volunteer their time and perform a variety of tasks that assist the Agency's clients and fund raising activities. The Agency receives approximately 2400 volunteer hours per year that are not valued in the financial statements.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Tax Status: The Agency is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is classified as an organization which is not a private foundation under Section 509 (a) of the U.S. Internal Revenue Code. The Agency qualifies for the charitable contribution deduction.

Management does not believe there are any uncertain tax positions at December 31, 2012 or 2011 as defined by FASB ASC 740, *Income Taxes*. The Agency could be subject to income tax examinations for its US federal tax filings for the current tax year and previous filings for years ended in 2011, 2010, and 2009 still open under the statute of limitations.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Financial Instruments: Financial instruments, principally receivables, accounts payable and line of credit are reported at values which the Agency believes are not significantly different from fair values. The Agency believes no significant credit risk exists with respect to any of its financial instruments.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

Events Occurring After Report Date: Management has evaluated events and transactions that occurred between December 31, 2012 and August 28, 2013, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

AID GWINNETT, INC.

Providing HIV Prevention Education, Client Services,
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NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

NOTE C—PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and depreciation is computed using the straight-line method over the estimated useful lives of the assets (primarily five years). Property and equipment consist of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Vehicle	\$ 35,070	\$ 35,070
Computer equipment and software	205,547	202,500
Furniture and fixtures	88,330	88,330
Leasehold improvements	<u>23,736</u>	<u>20,508</u>
	352,683	346,408
Less accumulated depreciation	<u>(309,589)</u>	<u>(260,042)</u>
	<u>\$ 43,094</u>	<u>\$ 86,366</u>

NOTE D—LINE OF CREDIT

The Agency has a line of credit with a bank for \$60,000. The line accrues interest monthly at 5.5%, matures in March 2014 and is guaranteed by two board members. At December 31, 2012 and 2011 the outstanding balance was \$30,000 and \$15,000, respectively.

NOTE E—OPERATING LEASES

The Agency leases office and clinic space, and certain office equipment, under noncancellable operating leases through October 2016. Rent expense for the years ended December 31, 2012 and 2011 amounted to approximately \$170,000 and \$165,000, respectively.

Future minimum rental payments required under the leases are as follows:

2013	\$ 163,780
2014	165,412
2015	168,685
2016	147,038
2017	26,988
Thereafter	13,494

AID GWINNETT, INC.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

NOTE F—RESTRICTIONS ON NET ASSETS

Temporarily restricted assets at December 31, 2012 and 2011 are available for the following purposes:

	<u>2012</u>	<u>2011</u>
Prevention	\$ 75,487	\$ 66,654
Building renovations	64,450	-
Medical services	50,000	-
Client services	8,782	12,001
Fundraising	2,700	-
Technology	2,000	4,500
Housing	1,367	1,205
Grocery vouchers	-	1,040
	<u>\$ 204,786</u>	<u>\$ 85,400</u>

NOTE G—GRANTS FROM GOVERNMENT AGENCIES

The Agency is the recipient of federal financial assistance from several government agencies. The balances of these grants and awards as of December 31, 2012 are as follows:

	<u>Cumulative Awards</u>	<u>Cumulative Expenditures Incurred</u>	<u>Available Funds On Grants</u>
Department of Housing and Urban Development – federal grants	\$ 1,281,068	\$ 748,402	\$ 532,666
Department of Health and Human Services – federal grants	<u>4,572,208</u>	<u>3,601,805</u>	<u>970,403</u>
	<u>\$ 5,853,276</u>	<u>4,350,207</u>	<u>\$ 1,503,069</u>
Less expenditures related to prior year		<u>1,864,822</u>	
Grant revenue for year ended December 31, 2012		<u>\$ 2,485,385</u>	

AID GWINNETT, INC.

Providing HIV Prevention Education, Client Services,
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NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

NOTE H—EMPLOYEE BENEFIT PLAN

Effective April 2008 the Agency adopted a 401(k) plan (the Plan) for those employees who meet the eligibility requirements set forth in the Plan. All Plan participants are allowed to contribute any amount up to the legal maximum allowed. The Agency matches 100% of the first 4% of a participant's compensation deferred to the Plan. Senior staff receive an additional 1% and the Executive Director/CEO receives an additional 2%. Employer contributions amounted to approximately \$41,000 and \$38,000 for the years ended December 31, 2012 and 2011, respectively.

Single Audit Section



**INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Directors
AID Gwinnett, Inc.
Duluth, Georgia

We have audited the financial statements of AID Gwinnett, Inc. as of and for the year ended December 31, 2012, and have issued our report thereon dated August 28, 2013 which contained an unmodified opinion on those financial statements and appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Warren Averett, LLC

WARREN AVERETT, LLC

August 28, 2013
Atlanta, Georgia

AID GWINNETT, INC.

Providing HIV Prevention Education, Client Services,
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2012

<u>Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
Major Programs			
U.S. Department of Housing and Urban Development passed through City of Atlanta/Housing Opportunities for People with AIDS	14.241	610,135	\$ 159,641
City of Atlanta/Housing Opportunities for People with AIDS	14.241	670,933	<u>143,477</u>
	Subtotal 14.241		<u>303,118</u>
U.S. Department of Health and Human Services/Ryan White Part A	93.917	914,573	376,934
U.S. Department of Health and Human Services/Ryan White Part A	93.917	829,160	457,857
U.S. Department of Health and Human Services/Ryan White Part B	93.917	326,734	88,197
U.S. Department of Health and Human Services/Ryan White Part B	93.917	326,734	<u>215,089</u>
	Subtotal 93.917		<u>1,138,077</u>
U.S. Department of Health and Human Services/Ryan White Part C	93.918	\$ 492,304	137,873
U.S. Department of Health and Human Services/Ryan White Part C	93.918	530,304	378,183
U.S. Department of Health and Human Services/Ryan White Part C	93.918	56,503	17,800
U.S. Department of Health and Human Services/Ryan White Part C	93.918	49,690	<u>3,547</u>
	Subtotal 93.918		<u>537,403</u>

See accompanying note.

AID GWINNETT, INC.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued**For the Year Ended December 31, 2012**

Pass-Through Grantor/Program Title	Federal CFDA Number	Award Amount	Expenditures
Non-Major Programs			
U.S. Department of Health and Human Services passed through Center for Disease Control	93.943	\$ 335,748	\$ 175,554
	Subtotal 93.943		<u>175,554</u>
U.S. Department of Health and Human Services passed through Georgia Department of Human Resources/ HIV Prevention Activities – Health Department Based	93.940	183,200	98,656
HIV Prevention Activities – Health Department Based	93.940	100,025	1,826
U.S. Department of Health and Human Services passed through Center for Disease Control	93.940	92,120	74,805
	Subtotal 93.940		<u>175,287</u>
U.S. Department of Health and Human Services passed through Center for Disease Control	93.939	335,113	155,946
	Subtotal 93.939		<u>155,946</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 2,485,385</u></u>

See accompanying note.

AID GWINNETT, INC.

Providing HIV Prevention Education, Client Services,
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NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2012

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of AID Gwinnett, Inc. under programs of the federal government for the year ended December 31, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of AID Gwinnett, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of AID Gwinnett, Inc.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
AID Gwinnett, Inc.
Duluth, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of AID Gwinnett, Inc. (the Agency) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expense and cash flows for the year then ended, and the related note to the financial statements, and have issued our report thereon dated August 28, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Aid Gwinnett, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Aid Gwinnett, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether AID Gwinnett, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our

audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Warren Averett, LLC". The signature is written in a cursive, flowing style.

WARREN AVERETT, LLC

August 28, 2013
Atlanta, Georgia

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
AID Gwinnett, Inc.
Duluth, Georgia

Report on Compliance for Each Major Federal Program

We have audited AID Gwinnett, Inc.'s compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. AID Gwinnett, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of AID Gwinnett, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AID Gwinnett, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of AID Gwinnett, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, AID Gwinnett, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control over Compliance

Management of AID Gwinnett, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered AID Gwinnett, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AID Gwinnett, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



WARREN AVERETT, LLC

August 28, 2013
Atlanta, Georgia

AID GWINNETT, INC.
Providing HIV Prevention Education, Client Services,
Volunteer Programs, and Advocacy to:
Gwinnett, Rockdale, & Newton Counties

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2012

Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements of the AID Gwinnett, Inc.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the financial statements of AID Gwinnett, Inc.
3. No instances of noncompliance material to the financial statements of the AID Gwinnett, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies on material weaknesses in internal control over major federal award programs disclosed during the audit are reported in the financial statements of the AID Gwinnett, Inc.
5. The auditors' report on compliance for the major federal awards programs for AID Gwinnett, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs include:
 - 93.918 HIV Care formula grant – U.S. Department of Health and Human Services
 - 14.241 City of Atlanta/Housing. Opportunities for People with AIDS
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. AID Gwinnett, Inc. was determined to be a low risk auditee.

Findings – Financial Statements Audit

None.

Finding and Questioned Costs – Major Federal Award Programs Audit

None.

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTAL MATERIAL**

To the Board of Directors
AID Gwinnett, Inc.
Duluth, Georgia

We have audited the financial statements of AID Gwinnett, Inc. as of and for the year ended December 31, 2012, and have issued our report thereon dated August 28, 2013 which contained an unmodified opinion on those financial statements and appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplemental material on pages 23 and 24 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Warren Averett, LLC

WARREN AVERETT, LLC

August 28, 2013
Atlanta, Georgia

AID GWINNETT, INC.

Providing HIV Prevention Education, Client Services,
Volunteer Programs, and Advocacy to:
Gwinnett, Rockdale, & Newton Counties

SCHEDULE OF STATE CONTRACTUAL ASSISTANCE

For the Year Ended December 31, 2012

		<u>Total budgets</u>	<u>Cash receipts</u>	<u>Expenditures incurred</u>	<u>Balance due from state</u>
Georgia Department of Human Resources/ HIV Prevention Activities					
Contract # PH201186G	Contract year – 4/1/11 - 12/31/2012	\$ 183,200	\$ 162,391	\$ 98,656	\$ (63,735)
Contract # 40500-044-13130842	Contract year – 11/1/12 - 10/31/2013	100,025	-	1,826	1,826
East Metro Health Contract #094	Contract year – 1/1/12 - 12/31/2012	92,120	74,805	74,805	-
TOTAL		<u>\$ 375,345</u>	<u>\$ 237,196</u>	<u>\$ 175,287</u>	<u>\$ (61,909)</u>

AID GWINNETT, INC.

Providing HIV Prevention Education, Client Services,
Volunteer Programs, and Advocacy to:
Gwinnett, Rockdale, & Newton Counties

PROGRAM INCOME DISTRIBUTION

For the Year Ended December 31, 2012

	Ryan White Part A	Ryan White Part B	Ryan White Part C	Other	Total Program Income
340b income	\$ -	\$ -	\$ -	\$ -	\$ -
Clinic insurance	8,064	2,930	5,191	-	16,185
Clinic Medicaid	2,239	813	1,441	-	4,493
Clinic medical records	391	143	252	-	786
Clinic Medicare	6,805	2,472	4,381	-	13,658
Patient income	8,943	3,249	5,757	-	17,949
Targeted case management	-	2,898	-	-	2,898
Testing income	-	-	-	2,115	2,115
	<u>\$ 26,442</u>	<u>\$ 12,505</u>	<u>\$ 17,022</u>	<u>\$ 2,115</u>	<u>\$ 58,084</u>